

KEYSPAN ENERGY DELIVERY NEW ENGLAND
D.T.E. 05-68

SECOND SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO
KEYSPAN ENERGY DELIVERY NEW ENGLAND

DTE 2-8

Date: February 14, 2006

Respondent: Leo Silvestrini

- Q. Refer to pages 13-14 of the Company's filing. The Company states that it initiates periodic reviews of the Model design to obtain an independent assessment of the opportunities for improved accuracy through design changes and that the latest review was completed by XENERGY in 2000. Please discuss:
- (a) the number of updates and the nature of the updates the Company has undertaken in the End-Use Model from 1985 to today; and
 - (b) the major reasons or factors leading the Company to either modify the algorithms (as XENERGY did in the year 2000) or recalibrate the model.
- A.
- (a) From 1985 to today, the Company has undertaken three updates of the End-Use Model. These updates were completed in 1988 and 1993 by Arthur D. Little, Inc., and in 2000 by XENERGY. The nature of these updates is to review the relationships between energy demand and the significant determinants of demand that are represented in the model, to research available data that support these relationships and to review and modify the model algorithms and coefficients as necessary to reflect changes in those relationships.
 - (b) The Company will recalibrate the algorithms under three scenarios: (1) when the backcast indicates that the model is producing unacceptable results, (2) in light of significant and/or qualitative changes in market conditions or customer demand, and (3) in preparation of the five-year forecast of resources and requirements. If there is relatively little variation between forecasted and actual volumes from year-to-year, then the Company has a level of confidence that the model is functioning well and no recalibration is warranted or necessary. However, after a period of years, the

Company will take steps to evaluate whether recalibration would be appropriate.